



The Real Estate TRENDS

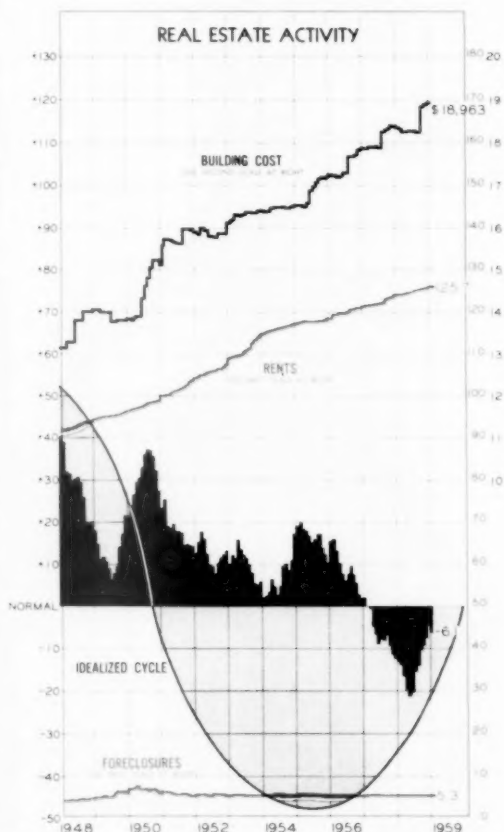
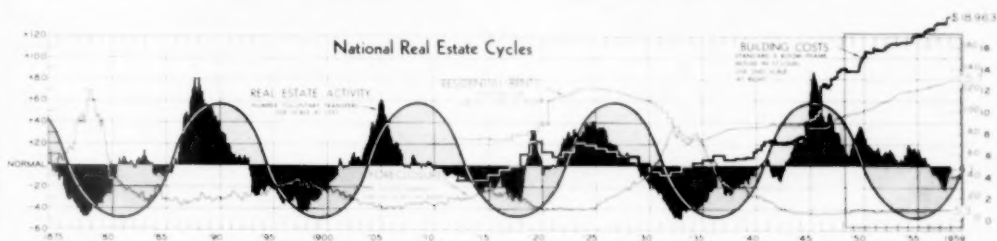
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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS



THE 1957-58 recession bottomed out in the second quarter of 1958. Gross national product reached a record \$453 billion rate in the fourth quarter, regaining the losses sustained earlier. The subsequent recovery was extensive. Business activity has been increasing, reflecting expansion in individuals' purchases of non-durable goods, higher residential construction and Government buying, and the end of inventory liquidation.

These strength-giving factors to the recovery will begin to lose force. Inventory buying at the level of prospective sales will be about \$4 billion. Housing starts at the rate of 1.4 million are at a level as high as might be sustained by demand and the availability of mortgage funds. Government expenditures will continue to increase for certain, but at a slower rate.

NUMBER OF NONFARM REAL ESTATE TRANSFERS

	1950	1951	1952	1953	1954
January	300,000	333,400	336,100	319,700	299,300
February	310,800	295,200	330,900	324,400	307,300
March	385,500	371,000	358,000	375,100	383,900
April	375,300	377,000	373,800	398,600	377,100
May	431,000	406,800	380,500	387,100	369,500
June	451,300	403,000	366,100	408,100	402,100
July	431,800	384,400	391,900	417,400	411,100
August	468,100	410,100	383,100	387,200	424,300
September	432,600	359,100	390,700	386,300	411,200
October	432,600	408,600	419,100	392,300	411,900
November	346,900	365,300	339,700	333,100	405,900
December	319,600	317,400	346,400	333,700	411,200
Total	4,685,500	4,431,300	4,416,300	4,463,000	4,614,800

	1955	1956	1957	1958	1959
January	361,500	357,100	354,300	319,100	323,300*
February	340,200	351,750	318,000	290,300	
March	423,800	392,100	346,600	312,500	
April	408,500	395,600	380,900	334,800	
May	435,500	437,700	401,200	358,500	
June	472,400	432,100	370,200	365,900	
July	438,900	432,700	414,600	416,100	
August	486,500	460,700	412,600	399,000	
September	457,200	384,800	370,000	410,200	
October	428,600	435,600	403,600	455,700*	
November	407,500	380,800	328,800	361,600*	
December	386,500	329,800	318,600	386,600*	
Total	5,047,100	4,790,750	4,419,400	4,406,200*	

*Preliminary.

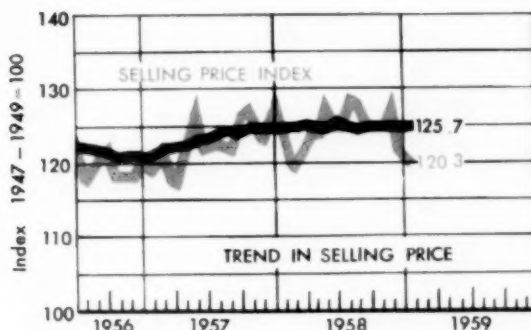
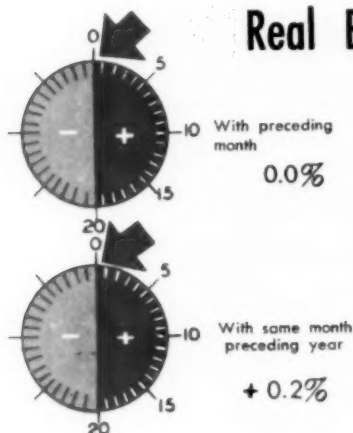
Real estate activity lost a little ground in January after seven months of a continuous rise. Real estate activity is based on the number of voluntary real estate transfers divided by the number of families and charted as a percentage above or below the normal line.

Rents registered another slight gain in January and building costs, based on a standard six-room frame house, climbed \$25 from December to January.

The table on the page opposite gives the number of monthly nonfarm real estate transfers in the United States from 1950 to the present. Only twice did the total number of transfers drop below 300,000 -- once in January 1954 and again in February 1958. The highest monthly peak was reached in July 1955.

Our selling price index shows the variation in cost of a new residence on a suitable lot in comparison with the selling price of an existing residential building which has been sold at least once before. It is interesting to note that the selling price of the existing residential building has been relatively stable
(cont. on page 91)

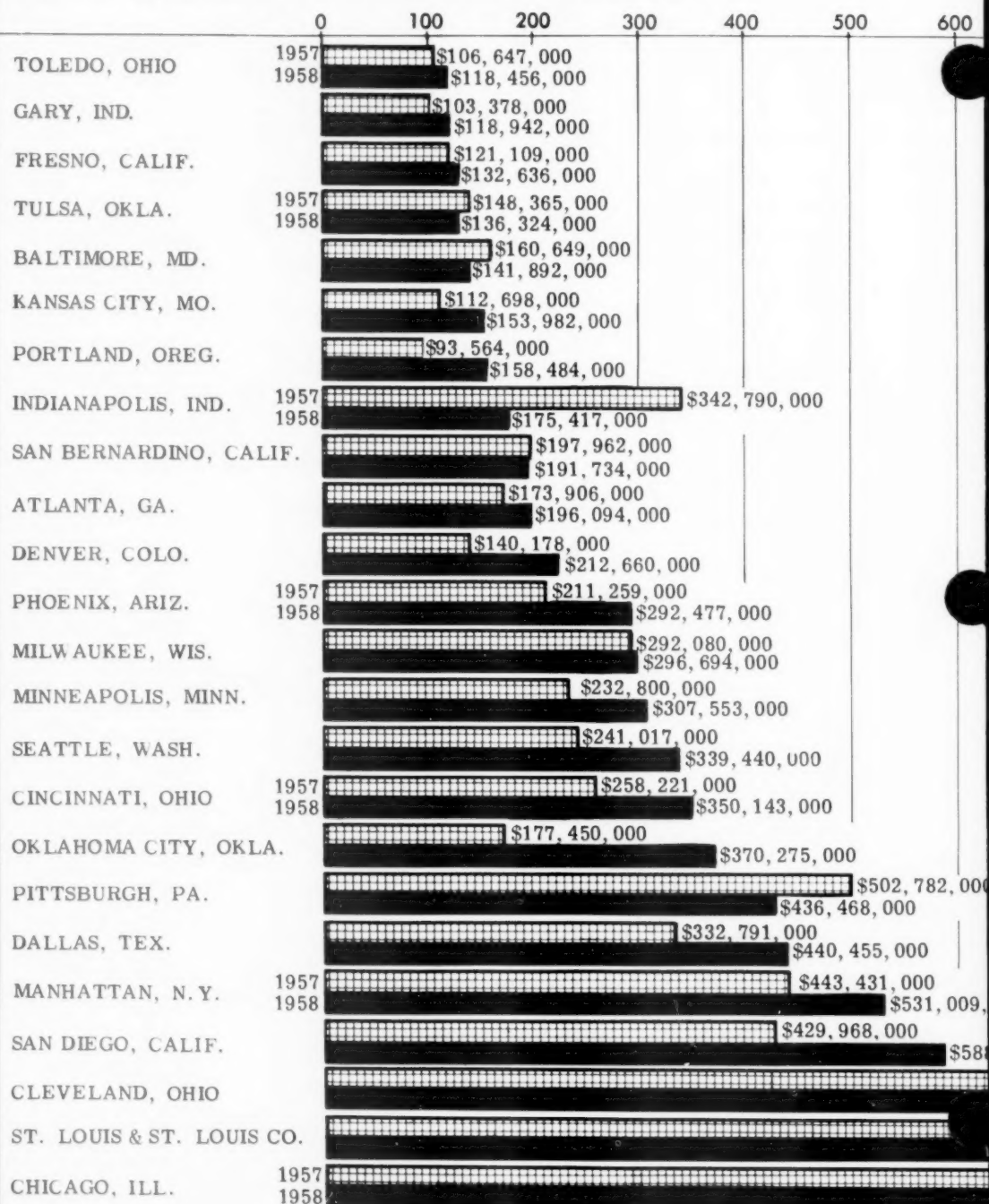
Real Estate Selling Price Comparisons



DATE	TREND IN SELLING PRICE	PROBABLE SELLING PRICE OF A HOUSE THAT SOLD FOR \$12,000 IN 1947-49 PERIOD	DATE	TREND IN SELLING PRICE	PROBABLE SELLING PRICE OF A HOUSE THAT SOLD FOR \$12,000 IN 1947-49 PERIOD
1947-49	100.0	\$12,000	Jan. '58	125.5	\$15,060
1913	40.1	4,812	Mar. '58	126.1	15,130
1918	34.1	4,092	June '58	126.6	15,190
Mar. '29	73.9	8,868	Sept. '58	125.7	15,080
May '32	34.8	4,176	Oct. '58	125.7	15,080
Apr. '34	44.8	5,376	Nov. '58	125.7	15,080
July '37	40.1	4,812	Dec. '58	125.7	15,080
Apr. '38	42.8	5,136	Jan. '59	125.7*	15,080*
Mar. '41	40.1	4,812			
Oct. '48	104.5	12,540			
Oct. '53	119.7	14,360			
Oct. '54	122.3	14,680			
Oct. '55	125.1	15,010			
Oct. '56	121.9	14,630			
Oct. '57	125.3	15,040			

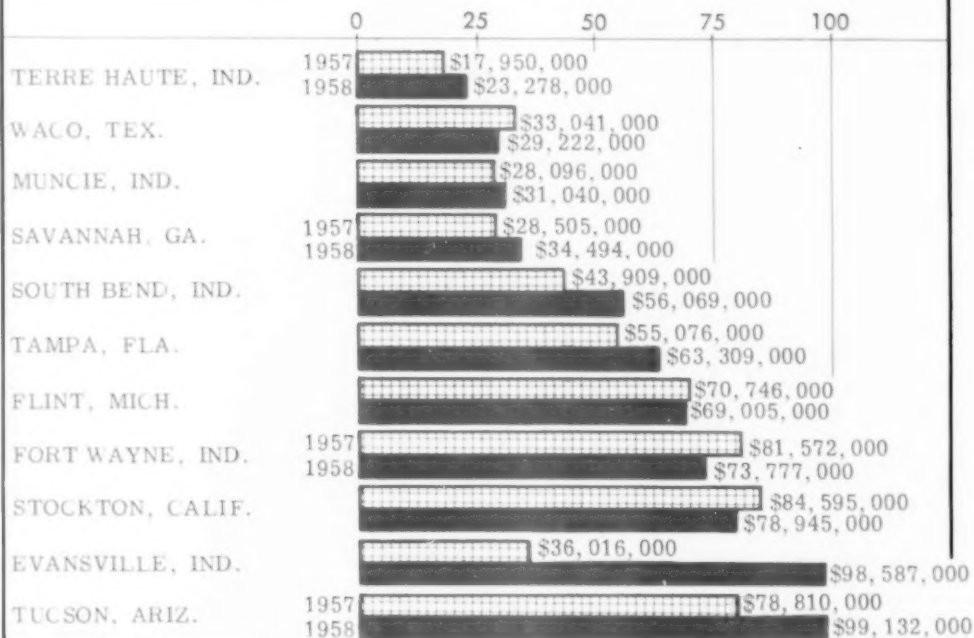
*Preliminary.

CITIES WITH DOLLAR VOLUME OF MORTGAGE ACTIVITY OVER \$100,000,000



800 900 1,000 1,100 1,200 1,300 1,400 1,500 1,600

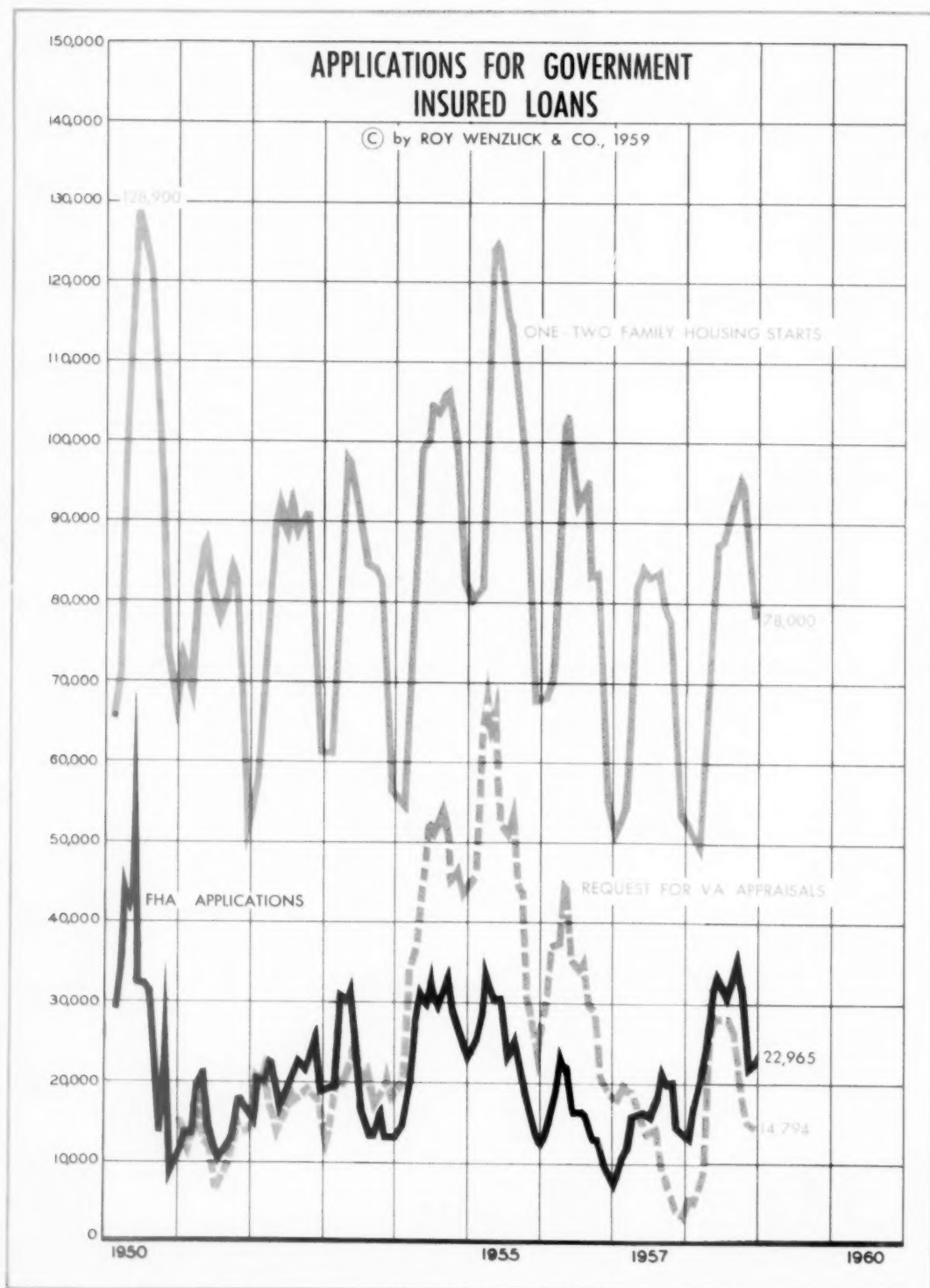
CITIES WITH DOLLAR VOLUME OF MORTGAGE ACTIVITY UNDER \$100,000,000



MORTGAGE VOLUME IN SELECTED CITIES
1957 COMPARED WITH 1958

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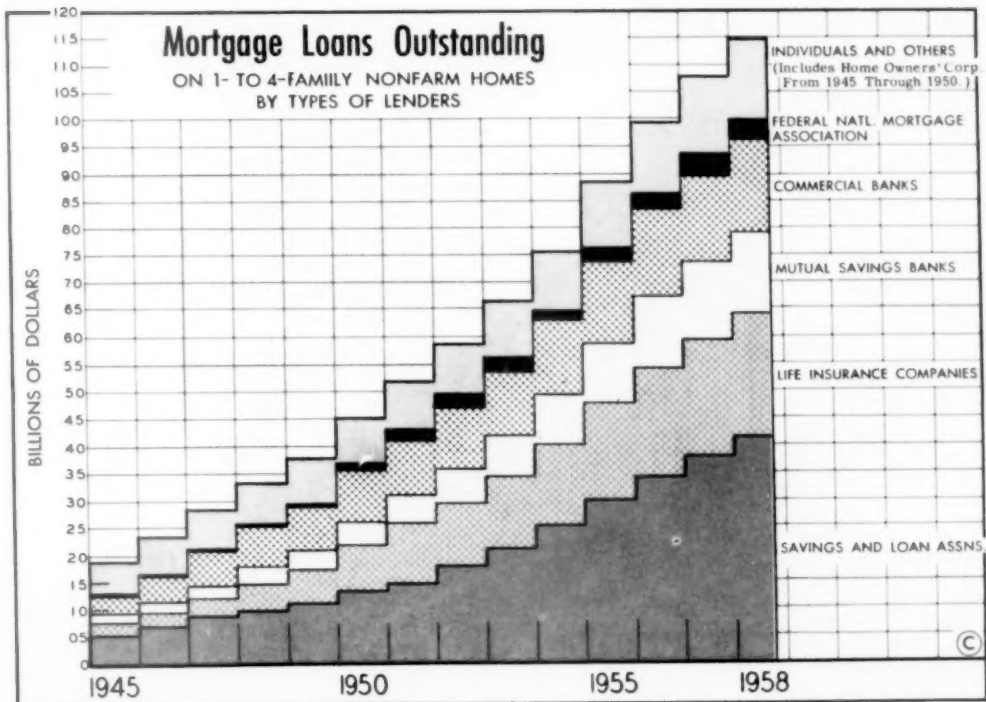
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in a period when real estate activity was dropping and financing was increasingly difficult to obtain. The fact that the recent recession has not depressed either rents or selling prices indicates that the demand for real estate is still relatively strong.

The double page chart shows mortgage volume in selected cities in 1957 and 1958. The cities are grouped in two classes -- those where mortgage volume exceeds \$100 million and those under \$100 million. Because the dollar volume of mortgages in Los Angeles in 1957 was \$2.50 billion and \$2.53 billion in 1958 -- an amount more than half again that of Chicago -- it was not included in the chart.

In 11 of the cities, mortgage volume in 1957 exceeded the 1958 total.

FHA new home mortgage applications in 1958 increased 72% over 1957 and VA appraisal requests for proposed units increased 47%. The FHA mortgage insurance applications reached a near-record volume in January 1959. The January activity covered 65,700 new and existing dwelling units and was the highest volume for January since 1950. The increase represents a 12% rise over December 1958 and 38% above January 1957.



Mortgage loans outstanding by type of lenders are shown on the chart on page 91. Of the total mortgage debt outstanding on one- to four-family non-farm homes, the percentage distribution is as follows:

Savings and Loan Associations . .	36.4
Life Insurance Companies	19.3
Mutual Savings Banks	13.2
Commercial Banks	15.0
FNMA	3.0
Individuals and Others	13.1

The amount of nonfarm home mortgages added to the portfolios of lenders during the third quarter of 1958 was \$3.1 billion. This is the largest quarterly increase of such debt since the third quarter of 1955. The rise reflects the inflow of savings to financial institutions and their growing reservoir of investable funds.

Savings and loan associations gained a total of \$1.6 billion or 3.9% over the second quarter of 1958. Commercial banks increased their holdings of home mortgage debt by \$550 million or 3.3% during the third quarter, thereby being second only to savings and loan associations. This position is uncommon to commercial banks but the changed position can be traced directly to the strong upsurge of savings deposited in commercial banks.

Life insurance companies were the only major institutional lenders whose third quarter gain was minimal compared to the gain in the corresponding period of 1957.

